

**TAB 5**

**Amy Darveau**

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**From:** Garrison, Michael  
**Sent:** Friday, April 29, 2005 3:08 PM  
**To:** Darveau, Amy  
**Subject:** FW: Dell financial & Dell Optiplex 270/280 Failure Rates  
**Attachments:** Dell Optiplex Letter.pdf

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From: Steve Young [mailto:syoung@ait.com]  
 Sent: Thursday, April 28, 2005 4:59 PM  
 To: Dell, Michael; Garrison, Michael  
 Cc: Woodard, Thurmond; McDonald, Robby; Doss, Anita; dan\_rizzotti@dell.com; Jimenez, Jose; Lout, James; Toon, Sean; Stephens, Robert; Carlson, Mesa; Etue, Crystal; Brezina, John; Marquis, Judy; McDonald, Chase; Wright, Richard  
 Subject: Dell financial & Dell Optiplex 270/280 Failure Rates

April 27, 2005

VIA OVERNIGHT MAIL

Dell Incorporated

One Dell Pkwy

Nashville, TN 37212

Ladies and Gentlemen:

Subject: Dell financial & Dell Optiplex 270/280 Failure Rates

My CEO, Clarence Briggs, has asked me to contact you regarding several issues with respect to the phone conversation you and he had yesterday where you expressed some concerns.

I have reviewed and researched your concerns regarding AIT being in arrears on its leases with Dell and being sent to collections. Mr. Briggs told me, after becoming upset with me, to make payment immediately if we were in fact overdue. However, this is simply not the case. What is a concern however, is the fact that Dell Leasing has consistently misapplied our payments to the wrong leases. I have enclosed invoices where the Dell leasing company double and triple invoiced AIT for the same items and misapplied payments. Would you pay this?

In March, the Dell account representative, Meredith Davis admitted the Dell invoice errors and informed our payables department to hold payment until they resolved the matter. Just today, several folks from your collections department contacted Mr. Briggs to inform him that things are now completely reconciled and we are in arrears along with late fees of \$22k. The truth is that the first time anyone called about this matter (we were waiting for you to reconcile the accounts) was yesterday April 27th and we promptly returned your call. We run a fully integrated VOIP (Voice over IP) network here and maintain all call detail records. Please forward the dates and times when the Dell Financial services representatives called so we may verify them against our call records. Meredith Davis denies ever having a conversation regarding the withholding of payment with our payables department. Please review the attached emails to confirm the conversation did in fact occur.

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To date we have executed close to thirty leases with Dell for over \$1.4M and have not missed any payments. You are asking us to pay \$15,000 by the end of the month to become current. That will not be a problem as long as we "fix" the previous issues and ensure the accounts are properly reconciled to prevent this from happening again. I would be happy to go over this one more time at the appropriate supervisor level so we may reach an understanding, since it is consuming my time over a matter that I consider simple to resolve. I would like to synchronize all the Dell leases so we receive a consolidated invoice; this is a simple billing courtesy that we provide our customers to minimize billing confusion. You have both my desk and mobile telephone numbers.

It is interesting to note that this payment concern did not arise until we complained about the OPTIPLEX failure rate. What does it have to do with the failure rate issue? It seems like our concern about the OPTIPLEX failure rate has generated a lot of unnecessary finger pointing and running for cover. Let's get this fixed, get current, and solve the other issue.

As you are aware, Mr. Ian Thieme and I have been holding discussions with your technical team. Mr. Briggs indicated that your team has suggested that the OPTIPLEXS are not designed for our environment. Let me say that there has been no difference in the failure rate regardless of whether or not we have them in a desktop or rack mounted configuration.

It is troubling to me that after a two year relationship with multiple visits from your staff, we are just recently hearing about your concerns. Our Dell account representatives understood how the OPTIPLEXS were being used and said nothing until I complained about the failure rate in January, 2005. In fact, a Dell account representative attempted to sell us the rack mounts and rail kits for the OPTIPLEXS. Furthermore, there are companies selling and using them in this capacity and I have enclosed an example for your review.

The problem as Mr. Thieme and I pointed out is one of poor design. We took the thermal readings of the processors from several OPTIPLEXS in a desktop environment with no load over a sustained period of time. In all cases the temperatures approached the INTEL processor limitations. We would like your engineers to replicate this to confirm our results. What is interesting is that the power supply fans do not seem to be consistent with respect to airflow. Some blow air in the case and some blow air out. There may be a correlation here, or there may be a "bad lot" of components that we can map to a specific generation of machines. We need to look into this.

Finally, as the primary purchasing agent for AIT, I have advised Mr. Briggs to cease all purchases from Dell until we resolve this matter. AIT has over 8,000 Value Added Resellers (VARs) worldwide, and we have selected key partner-vendors as solution providers. In other words, our VARs will be selling hardware for AIT solutions and we have selected 20 major metro areas this year to deploy our new program. All the VARs will be qualified and certified. Some of the solutions entail co-location in facilities with our broadband providers, and others require installation and maintenance of business LANs. We had intended to use our "geek squad" to integrate and implement a variety of AIT solutions and Dell was our hardware vendor of choice based on the relationship we had built over the last two years. I can no longer endorse using Dell for this purpose until we mutually and satisfactorily resolve this issue.

Sincerely,

Steven P. Young

Chief Financial Officer

Advanced Internet Technologies, Inc.

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Enclosures (1)

cc: Mr. Mesa Carlson

Ms. Crystal Etue

Mr. Richard Wright

Mr. James Lout

Mr. Sean Toon

Mr. Rob Stephens

Steven P. Young  
Chief Financial Officer

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